

Message Text

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44

ACTION NEA-10

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 ISO-00 AEC-07 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 FEA-01 PA-02 PRS-01 USIA-15 /149 W

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R 011304Z DEC 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9244

INFO AMEMBASSY ABU DHAB

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TEHRAN 10172

E.O. 11652: NA

TAGS: ENGR, IR

SUBJECT: TEHRAN PRESS ON OIL PRICE ISSUES

1. KAYHAN INTERNATIONAL (KI) AND TEHRAN JOURNAL (TJ) NOV 30
CARRIED REUTERS DESPATCH (DATELINE VIENNA NOV 29) REPORTING
OPEC ECONOMIC COMMISSION HAS APPROVED AND RECOMMENDED TO OPEC
CONFERENCE IRAN'S "SINGLE PRICE" PROPOSAL. DESPATCH SAID RECOM-
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MENDATIONS INCLUDED (A) A SINGLE PRICE PER BARREL CONSISTING OF
\$9.74 GOVERNMENT TAKE (FOR ARABIAN LIGHT IN FOURTH QUARTER 1974)

PLUS ELEVEN CENTS PRODUCTION COST PLUS 50 CENTS "COMPANY MARGIN" PLUS AN INCREASE (PERHAPS OF 3.5 PERCENT, PRESUMABLY ON GOVERNMENT TAKE) TO OFFSET INFLATION, AND (B) THAT PRICES BE DETERMINED "FOR A LONGER PERIOD THAN THREE ONTHS" TO PROVIDE GREATER PRICE STABILITY. DESPATCH DOES NOT MENTION INDEXATION. IT FURTHER NOTES THAT SAG ABSTAINED ON THIS RECOMMENDATION. COMMENT: ECONOMIC COMMISSION'S RECOMMENDATION SOUNDS TO US LIKE GOI IDEA OF SINGLE PRICE AT "HIGHER FLOOR" ESTABLISHED BY SAUDI'S ABU DHABI FORMULA. END COMMENT.

2. SAME TWO NEWSPAPERS DEC 1 CARRY REPORT OF PARS NEWS AGENCY (PNA) INTERVIEW WITH SAG.MINPET YAMANI. KI HEADLINED ARTICLE "YAMANI PRAISES IRAN PROPOSAL" AND QUOTES YAMANI AS FOLLOWS: "THE IRANIAN PROPOSAL WITH REGARD TO THE PRICING SYSTEM IS A GOOD ONE BECAUSE WE HAVE A SERIOUS SITUATION CREATED BY THE SCALES AND VARIETY OF PRICES." YAMANI REPORTEDLY SAID HIS OWN FORMULA WAS "IN LINE" WITH THE IRANIAN PROPOSAL, "BUT OUR PROPOSAL IS ON TEMPORARY BASIS WHILE IRANIAN PROPOSAL IS SOMETHING ON LONG-TERM BASIS." ABU DHABI DECISION TO RAISE TAXES AND ROYALTIES WHILE LOWERING POSTING, SAID YAMANI MINIMIZES OIL COMPANY PROFITS, A GOAL ALSO ADVOCATED BY IRAN.

3. YAMANI IS FURTHER QUOTED AS SAYING HE BELIVES OIL PRICE HAS INCREASED TOO SHARPLY FOR WORLD ECONOMY TO ADJUST, BUT ADDED THAT SAG HAS ALWAYS BEEN "WITHIN OPEC AND WE TRY NOT TO DO ANYTHING UNILATERALLY WHICH AFFECTS GOVERNMENT TAKE..., THE CRITERION OPEC MEMBER COUNTRIES CARE ABOUT."

4. YAMANI ALSO TOLD PNA THAT GOI AND SAG "HAVE A STRONG RELATIONSHIP AND GOOD COORDINATION...IN THE FIELD OF OIL," AND ADDED THAT THE TWO COUNTRIES HAVE MANY THINGS IN COMMON: THEIR POLITICAL PHILOSOPHIES AND GOALS ARE "ALMOST IDENTICAL".

5. TJ'S HEADLINE FOR THE PNA INTERVIEW WITH YAMANI WAS "YAMANI: SAUDIS WILL NOT HARM OPEC UNITY." IN ADDITION TO FOREGOING TJ REPORTED THAT YAMANI SAID ENERGY CRISIS CAN ONLY BE SOLVED BY FINDING SUBSTITUTE FOR OIL, AND THAT IF NO SUCH SUBSTITUTE IS FOUND "OUR CIVILIZATION MAY NOT SURVIVE."

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